

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Risk Management  
Agency



Insurance  
Services

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(12-2016)

# LARGE CLAIM STANDARDS HANDBOOK

FCIC-Approved Standards and Procedures for Handling Large Claims and Referrals for Insurance Services, Regional Offices, and AIPs for the 2017 and Succeeding Crop Years.

## PART 4 LARGE CLAIMS PROCESS

### 31 AIP Duties

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#### A AIP Large Claim Screening

- (1) AIPs must determine whether a notice of potential claim will likely result in a production loss or indemnity exceeding the \$500,000 threshold, or such other amount determined by RMA.

**Screening must** include:

- (a) Field visits and communications with the policyholder or others to collect production loss and cause of loss information;
  - (b) Performing appraisals **in a timely manner after the notice of loss is received from the insured** to ascertain an estimate of the production potential, **if applicable**; and
  - (c) Verification of information provided by the policyholder that an insurable cause of loss has occurred.
- (2) During the screening process, AIPs must **NOT**:
  - (a) Make any final determinations of the amount of loss;
  - (b) Release the acreage for other use;
  - (c) Reach an agreement with the policyholder as to appraisals, the amount of uninsured causes, production to count, or the amount or cause of loss;
  - (d) Allow loss adjusters or the policyholder to sign any production worksheets or appraisal worksheets; or
  - (e) Notify an RO of potential large claims based solely on the policy's total liability.
- (3) Other than performing activities related to the screening process, AIPs must not conduct any loss adjustment activity without first coordinating such activity with the RO, unless:
  - (a) Authorized by the RO if the RO is participating in the claim process; or
  - (b) Three business days from the date the notice was sent to RMA have elapsed without a response from the RO.

**31 AIP Duties (Continued)**

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**B Initial Notification**

After screening, the AIP must immediately notify RMA of a potential LC on an ECIC which is likely to exceed \$500,000, or such other amounts as determined by RMA, in production loss or indemnity. The notification:

- (1) Will be sent to the attention of the RMA RO Director for the region where the insured acreage is physically located;
- (2) May be sent by facsimile or e-mail (use the general RO e-mail address if e-mailing the notification);
- (3) Must be clearly identified as a “Potential Large Claim Notice”;
- (4) Must include the following:
  - (a) Policyholder’s name;
  - (b) State and County code;
  - (c) Policy number;
  - (d) Claim number, if applicable;
  - (e) Crop (for WFRP policies, include the crop(s) damaged, and whether the policyholder is a fiscal or calendar year filer);
  - (f) Insurance plan;
  - (g) Unit numbers and number of acres affected;
  - (h) Cause of loss and date of damage as reported on the notice of loss;
  - (i) Estimated indemnity (for revenue protection plan, use the projected price as a basis for the estimate unless the harvest price has been announced);
  - (j) Intended use for the damaged acreage;
  - (k) Total liability (or estimated liability for claims if before ARD);
  - (l) Companion contracts, if known;
  - (m) AIP field office or contact e-mail,
  - (n) Reinsurance year, and
  - (o) List of Screening activities collected in A(1) which may be requested by the RO.

## **31 AIP Duties (Continued)**

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### **B Initial Notification (continued)**

**IMPORTANT:** Notifications received after close of business of the RO, or on any day the RO is officially closed, will be considered as having been received the next business day.

- (5) If the AIP fails to send the RO the required information, the RO may request additional information or will not accept the potential LC, giving the reason(s) for the rejection. The AIP then must:
  - (a) Complete the screening process if it has not been done; and
  - (b) Resubmit the potential LC notice with all required information.
- (6) If the AIP discovers, at any time after the initial screening, that an ECIC will likely exceed \$500,000 in production loss or indemnity, or such other amounts as determined by RMA, due to a subsequent loss, the AIP must immediately report the claim to RMA using the initial notification process.

### **C AIP Point of Contact**

The AIP will designate a person as the point of contact for LC coordination who is responsible for coordinating all loss adjustment activities with the RMA RO LC Coordinator or LC Team Member.

### **D RMA RO Declines or Delays the Decision to Participate in a Large Claim**

- (1) If the RO exercises its option to not participate in the LC:
  - (a) The RO will notify the AIP that it may proceed with all aspects of the loss determination for the claim without any further notification to the RO.
  - (b) If the RO declines participation in a LC, the AIP is not required to notify the RO of any subsequent losses that exceed the LC threshold for that ECIC.
  - (c) If the AIP suspects fraud, waste, or abuse, the AIP should follow the procedures set forth in the SRA, Appendix IV, Section IV and Part 5 paragraph 41 D – Referrals for Suspected Cases of Fraud, Waste, and Abuse of this handbook.

**31 AIP Duties (Continued)**

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**D RMA RO Declines or Delays the Decision to Participate in a Large Claim (continued)**

(2) If the RO delays its decision to participate in a LC in accordance with Paragraph 32 C (3), the AIP:

- (a) may monitor and continue all claim activities required in determining the actual loss amount on the claim.
- (b) must notify the RO when it becomes clear the loss exceeds the LC threshold if prior to the follow-up date provided by the RO.
- (c) must notify the RO prior to settlement and payment of the claim if prior to the follow-up date provided by the RO.

**E RMA RO Elects to Participate in a Large Claim**

If the RO elects to participate in a potential LC, the AIP must:

- (1) Collaborate with the RO representative working the claim;
- (2) Provide a copy of the claim file and all policy and underwriting documents to the RO within 15 calendar days;
- (3) Participate in a meeting or conference call with the RO to review the LC process and develop a plan for the field review (see paragraph 32 E (1)) – Large Claim;
- (4) Participate in an entrance conference with the RO and the policyholder;

**NOTE:** This conference may occur at the start of the initial field visit if the policyholder will be present. However, the timing of the meeting, whether in the field or by phone, should be prearranged with the RO staff.

- (5) Notify the RO before scheduling any loss adjustment activity, including field inspections, so the RO representative may participate;
- (6) Obtain all necessary documents from the policyholder to complete the claim in compliance with all regulations and procedures;
- (7) Submit claim documents to the RO for review and approval. \*\*\*

**NOTE:** If there is a dispute between RMA and the AIP with respect to RMA's determination of a loss, the AIP will pay the claim in accordance with FCIC's approval, but retains the right to dispute RMA's actions in accordance with the administrative appeals procedures found in 7 CFR part 400.169.